

NIO/W (10)

The Director of Central Intelligence

Washington, D.C. 20505

National Intelligence Council

NIC-01376-87/1
26 March 1987

MEMORANDUM FOR: Distribution

FROM: Robert L. Hutchings
Acting National Intelligence Officer for Europe

SUBJECT: March Warning and Forecast Report

1. Attached is my report to the DCI based on our warning meeting held on 18 March 1987.

2. Next month's warning meeting will be held on Wednesday, 22 April 1987 at 1025 in room 7-E-62, CIA Headquarters. Please telephone attendance plans to our office [] and have clearances certified by COB 20 April 1987.

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3. I also encourage you to phone in suggestions for the agenda and names of volunteers to make opening presentations. It would be helpful to have your comments for the next meeting by Thursday, 16 April 1987.

Robert L. Hutchings
Robert L. Hutchings

Attachment

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MEMORANDUM FOR: Acting Director of Central Intelligence

FROM: Robert L. Hutchings
Acting National Intelligence Officer for Europe

SUBJECT: March Warning and Forecast Report

I. MAIN DISCUSSION ITEMSA. Italy: Craxi's Resignation

1. Discussion. With interim Prime Minister Andreotti having abandoned efforts to patch together a new government, early elections are likely, perhaps as soon as late May. The timing of new elections, as well as the composition of an interim government, could be decisive. May elections with Fanfani or some other "national" figure in the prime minister's office would favor the DC; whereas the Socialists would be strengthened if elections were pushed back to late June, with Craxi returning to head an interim government during the Venice Summit and President Reagan's visit.

New elections are not likely to produce major swings in Italy's traditionally "frozen electorate." But the growing estrangement between the DC and the Socialists, as well as rifts within the DC, will make it more difficult to reconstitute a five-party coalition.

2. Warning Notice. Two possible outcomes would pose problems for the US. First, an Andreotti-led government would probably make for more contentious bilateral relations, particularly on Middle Eastern matters and counterterrorism. Second, and less likely, if strains between the DC and the Socialists were to cause a breakup of the five-party coalition, the Communists might be invited to join a new government -- either in an "alternative majority" of the Left or in some broader coalition including the DC.

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B. Shifting Allied Views on INF and ABM

1. Discussion. The gap between public and private positions taken on INF by West European leaders continues to widen. Rising popular pressure for an INF accord has served to mute official criticism, even in France, of a zero-zero INF agreement. Privately, however, many West European leaders continue to express deep concern over the zero solution, which the French defense minister has termed "another Munich."

-- The unease they express over SRINF and verification issues are symptoms of a deeper concern over the potential denuclearization of Europe. For the Germans in particular, a follow-on move toward zero-zero SRINF would heighten, not relieve, such anxieties.

-- They also fear that a delinking of the US strategic deterrent from Europe's defense would lead inevitably to new domestic pressures for the withdrawal of American troops -- and a gradual decoupling of US and European security interests.

On ABM, our Allies remain concerned over a possible US breakout from the major remaining US-Soviet arms agreement. Most remain opposed to our seeking a broad interpretation but are prepared to acquiesce -- so long as the treaty itself is not jeopardized by early SDI deployment. And Prime Minister Thatcher, who has come to support a broad interpretation, may revert to a tougher line if the US appears divided on the issue.

2. Warning Notice. We can expect further efforts toward intra-European security consultation -- as in Foreign Secretary Howe's call for expanded European security coordination through the WEU and EC Commission President Delors' proposal for an EC-12 Council meeting on INF. And Moscow is likely to keep the pressure on West European leaders by launching new "peace initiatives," such as a unilateral withdrawal of one or two Soviet divisions from Czechoslovakia.

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C. Soviet-West German Relations: A Reunification Red Herring?

1. Discussion.

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[redacted] the Soviets may be considering some new initiative on the German Question. Such an initiative could take various forms, including:

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- an academic article on German reunification in a Soviet journal (which Gorbachev could attribute to the spirit of "glasnost" rather than official policy);
- a conciliatory Soviet or Warsaw Pact statement on the German Question -- perhaps at the East Berlin summit meeting in June;
- movement on substantive issues related to the German Question, such as emigration of ethnic Germans from the USSR, the scheduling of a Honecker visit to the FRG, or any number of issues on the inner-German agenda;
- a Gorbachev interview or statement in connection with his planned visit to East Berlin in June; and/or
- other hints floated by regular Soviet interlocutors of German officials or opposition party members.

2. Warning Notice. A dramatic Soviet statement on the German Question could undercut a proposed US initiative on Berlin, particularly if timed to coincide with President Reagan's visit there. More generally, such a Soviet move would muddy the waters of political debate in Germany and could strain US-FRG relations by raising doubts about where we stand on the German Question.

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II. MONITORING ITEM

A. Poland After the Lifting of US Sanctions

1. Discussion. Despite recent regime reprisals against opposition figures and a new spate of student demonstrations, both the regime and its opponents seem determined to avoid a major confrontation. And the Church is particularly anxious to preserve social peace as preparations continue toward a Papal visit this summer. These efforts could be undone, however, by independent, spontaneous student protests as Polish young people grow increasingly impatient with regime and opposition alike.

2. Warning Notice. Further food price increases -- as the regime eliminates subsidies and moves toward an IMF standby agreement -- will surely

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fuel popular discontent. Whether they provoke demonstrations will depend on their scope and the manner of their implementation, as well as on the Poles' willingness to remain on their best behavior in anticipation of a Papal visit.

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III. UNSCHEDULED WARNING NOTE

A. Rising Tension in the Aegean.

DIA stressed the growing danger of new Greek-Turkish incidents -- linked to the Aegean oil dispute as well as to Congressional hearings on military assistance for Greece and Turkey. Since our meeting, such dangers have increased markedly, as Greece has deployed two-thirds of its major naval units from Salamis and convened top level "crisis" meetings on possible Greek-Turkish hostilities. A premeditated attack is unlikely by either side, but risks have increased of unintentional confrontation and potential escalation.

Robert L. Hutchings
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